

Five-Year Forecast

Overview

The purpose of the Five-Year Forecast is to facilitate the Mayor and Council and City Manager in establishing priorities and allocating resources appropriately. The Forecast is a tool that will assist the City in focusing its efforts on long-term initiatives, including necessary funding for infrastructure, maintenance, and capital needs. If surpluses or deficits are predicted in the Forecast, management actions should be taken early on in order to maintain the overall financial health of all funds. Although the Forecast model is in its infancy, future additions will allow staff to run various scenarios to determine the long-term implications of complex policy and budget decisions.

The Forecast presents a five-year projection of the revenues, expenditures, and changes in financial position for the City's General Fund, six enterprise funds, and Speed Camera Fund. For the City's General Fund, financial position is defined as fund balance, and for the enterprise funds and Speed Camera Fund it is defined as working capital, which is current assets less current liabilities. Though these funds use a different basis of accounting, they represent similar concepts i.e. resources available at the beginning of the year to fund operations, debt service, and capital improvements.

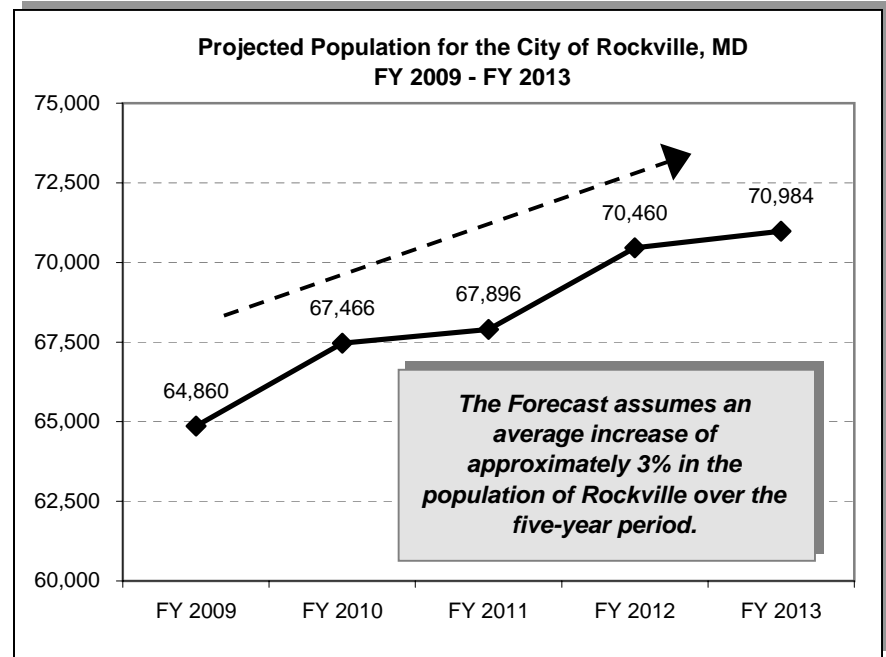
The revenue and expenditure figures presented throughout the Forecast are estimates that could change when new information becomes available. Large fluctuations in estimated revenues and expenditures can be caused by unanticipated changes in the economy, rate changes, demand changes, and/or policy or programmatic decisions. This section is not intended to be used as a proposed budget for future years because of the possibility of future adjustments.

The Five-Year Forecast is based on assumptions regarding what will happen in the economy over the next few years, and on known revenue and expenditure drivers. Even though the City's budget continues to experience steady growth, the Forecast reflects conservative projections of the City's major revenue sources. The City must remain fiscally prudent when projecting revenues in an economy that is likely to experience below-trend Gross Domestic Product (GDP) growth.

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The Forecast assumes an average increase of approximately 3% in the population of Rockville over the five-year period. This estimate is consistent with the latest projections from the Department of Community Planning and Development Services.



The Five-Year Forecast section contains the following information:

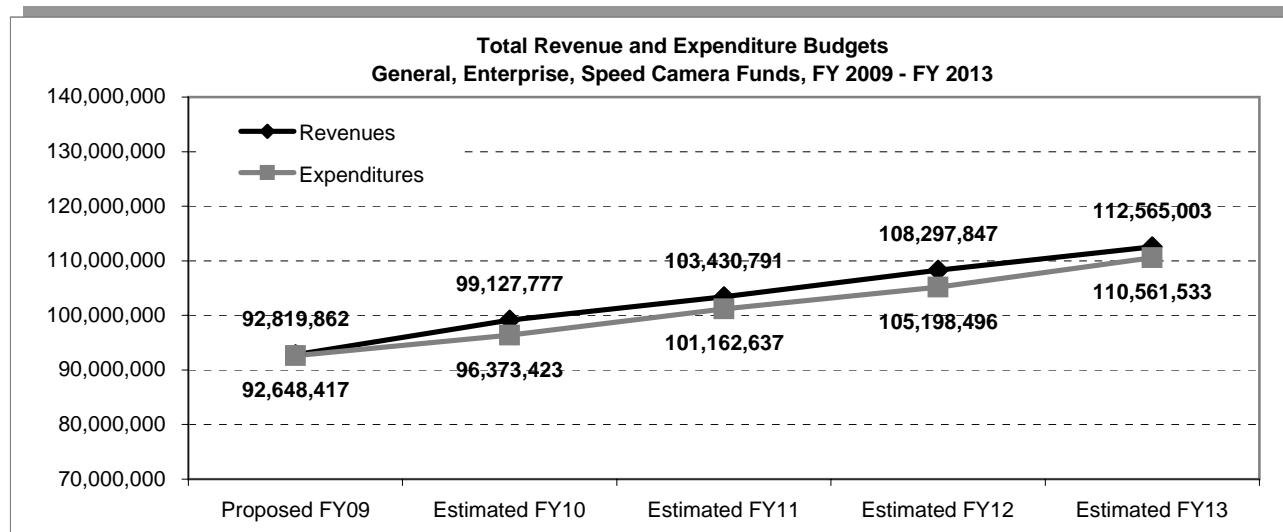
- ★ Total Revenue and Expenditure Summary by Fund
- ★ General Fund Revenue Assumptions
- ★ General Fund Expenditure Assumptions
- ★ General Fund Five-Year Forecast
- ★ Enterprise Fund Five-Year Forecasts
- ★ Speed Camera Fund Five-Year Forecast

Total Revenue and Expenditure Summary by Fund

Revenues / Sources by Fund	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
General Fund (110)	62,396,273	65,257,043	67,665,922	70,177,622	72,796,618
Water Facility Fund (210)	7,361,000	8,624,830	9,869,075	11,450,747	12,149,160
Sanitary Sewer Fund (220)	6,655,000	6,847,590	7,136,232	7,444,132	7,771,888
Refuse Fund (230)	5,757,000	5,700,800	5,827,060	6,086,862	6,375,823
Parking Fund (320)	3,538,416	3,485,744	3,504,816	3,524,223	3,542,886
Stormwater Management Fund (330)	1,000,000	3,131,638	3,283,549	3,402,915	3,646,716
RedGate Golf Course Fund (340)	1,312,173	1,280,132	1,344,138	1,411,345	1,481,912
Speed Camera Fund (380)	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Total Revenues / Sources *	92,819,862	99,127,777	103,430,791	108,297,847	112,565,003

Expenditures / Uses by Fund	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
General Fund (110)	62,396,273	64,414,706	67,569,484	70,114,426	73,820,984
Water Facility Fund (210)	7,051,618	8,151,661	9,051,133	9,806,089	10,689,073
Sanitary Sewer Fund (220)	6,942,241	7,070,385	7,209,753	7,356,568	7,510,164
Refuse Fund (230)	5,689,114	5,809,315	5,936,273	6,109,190	6,289,446
Parking Fund (320)	4,057,511	4,076,123	4,104,107	4,133,135	4,163,181
Stormwater Management Fund (330)	2,510,288	2,718,487	2,946,330	3,110,225	3,285,478
RedGate Golf Course Fund (340)	1,591,737	1,572,680	1,627,254	1,684,117	1,743,372
Speed Camera Fund (380)	2,409,635	2,560,066	2,718,304	2,884,746	3,059,835
Total Expenditures / Uses *	92,648,417	96,373,423	101,162,637	105,198,496	110,561,533

* Does not include revenues or expenditures from the Special Activities, CDBG, Town Center Management District, or Debt Service funds.



General Fund Revenue Assumptions

Several forecasting techniques or methods were used to project General Fund revenues. The rationale for using one method over another depends on the type of revenue. For revenue sources with a large amount of uncertainty, like grants and miscellaneous revenues, staff assumed conservative estimates that most closely matched current trends. For revenue sources that are linked to more specific events or quantities, such as property tax and income tax, staff used trend analysis and econometric forecasting to determine future collections. Regardless of the technique, staff's projections are conservative throughout the Forecast, ensuring prudent management of the City's General Fund.

Property Tax - Starting in FY 2011, the City anticipates that the assessed value of real property above the ten percent cap on annual increases will be fully taxed. As a result, beginning in FY 2011, property tax income is estimated to increase by only 4% through increases in assessed value. This model assumes that the real property tax will remain at \$0.302 throughout the projection period.

Income Tax - There has been reasonable growth in income tax receipts in the past few years due to the City's population growth. The City anticipates that this moderate growth trend will continue into FY 2009 and future years. Income tax revenue is projected to increase by 5% each year over the projection period.

Tax Duplication - For FY 2009 the City will assume the same amount of tax duplication revenue as received in FY 2008. Although the same amount will be budgeted in FY 2009, this revenue source is projected to decrease because the County is developing a new formula that is likely to be less favorable to the municipalities moving forward. For this analysis, tax duplication decreases by 5% in FY 2010 and then remains flat.

Highway User - There will be a decrease in highway user revenues starting in FY 2009 compared to previous years. This revenue source, which is the City's share of gasoline tax and vehicle registrations collected by the State, is based on a Maryland State Highway Administration (SHA) estimate and is the third largest revenue that supports the General Fund. Starting in FY 2009, the State will use a portion of titling tax revenues, which went to municipalities in the past, to backfill voids in the State's General Fund budget. As a result, the City will experience an initial 3% reduction starting in FY 2009.

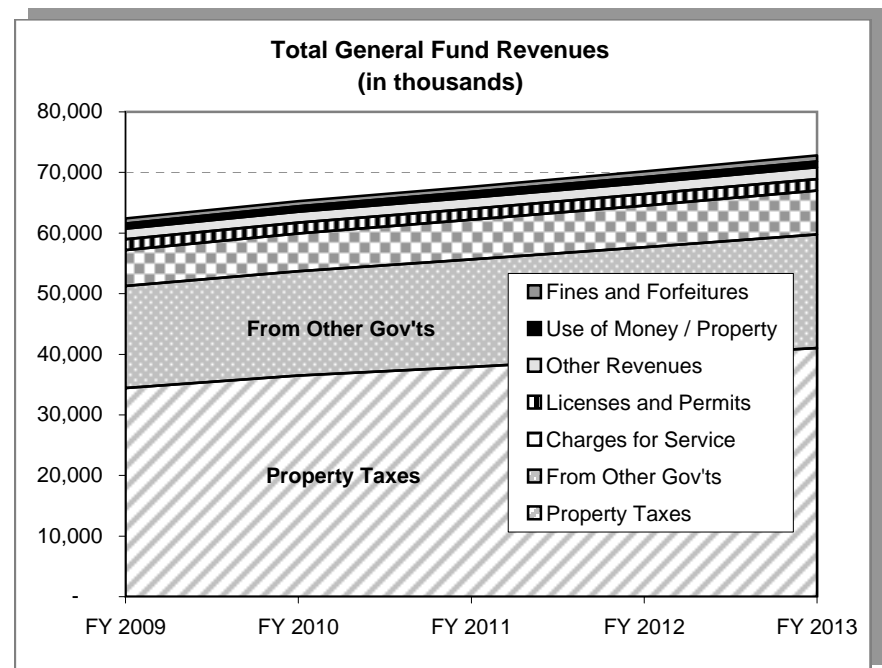
Licenses and Permits - The majority of revenue sources in this category will not increase due to the stabilization of development activity. The overall category is estimated to increase by 2% each year for the projection period.

Charges for Services - This revenue is from charges to users who individually benefit from a particular service offered by the City. This revenue source is estimated to grow by approximately 5% each year as a result of increases in population, available programs, and program fees to improve the City's overall cost recovery.

Use of Money and Property - Interest earnings, the largest revenue source in this category, were projected to decrease by approximately 25% in FY 2009 due to the recent decline in short-term interest rates. Since rates are likely to remain low, this revenue source has been estimated conservatively to increase by an average of only 3% each year over the projection period.

Fines and Forfeitures - This revenue source is estimated to increase by an average of 4% each year over the projection period. Revenues received from red light camera infractions make up most of this category and increased by 7% from the adopted FY 2008 budget to the proposed FY 2009 budget.

Other Revenue / Administrative Charges - This category is estimated to increase by 3% each year. A majority of the revenues in this category are from charges to enterprise funds for centrally budgeted administrative or "overhead" costs. Each fund pays for its share of the costs through a transfer into the General Fund.



General Fund Expenditure Assumptions

Similar to the General Fund revenues, several forecasting techniques or methods were used to project General Fund expenditures. The rationale for using one method over another depends on the type of expenditure. For expenditures that fluctuate from year to year, like capital outlay, staff assumed conservative estimates that most closely matched current trends. For expenditures that are linked to more specific activities or quantities, such as personnel and debt service, staff used trend analysis or known schedules to determine future expenditures.

Salary and Wages, Benefits, and Overtime - Total personnel expenditures are estimated to increase approximately 4.5% from FY 2009 through the end of the projection period. These increases are due to the addition of new employees, cost of living adjustments, pay-for-performance, and the increase in the cost of benefits. Staff analyzed historic personnel trends to determine these projections.

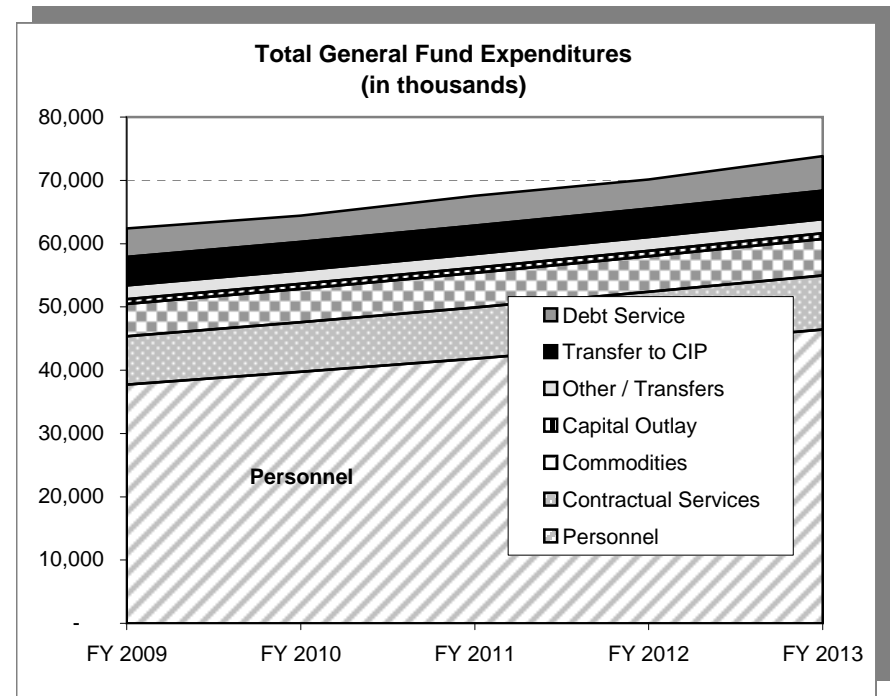
Contractual Services and Commodities - There is an estimated increase of 3% for contractual services and 5% for commodities from FY 2009 to FY 2010. After FY 2010, both contractual services and commodities increase by 3% through the end of the projection period. These increases are consistent with historic trends, and take into account the transfer of some expenditures from the CIP budget to the operating budget in FY 2010.

Capital Outlay - This expenditure category usually fluctuates from year to year since it is comprised of many one-time expenditures. Staff could not use historic trends to determine future increases or decreases because of the fluctuation. To be conservative, capital outlay was estimated to increase by 5% from FY 2009 to FY 2010 and by 3% from FY 2010 to the end of the projection period (this is consistent with the assumptions that were used for Commodities).

Other / Transfers - This category is primarily comprised of the transfer to the Parking Fund, transfer to the Golf Fund, and Outside Agency and Caregiver grants. The transfer to the Parking Fund is estimated to remain at \$950,000 each year over the projection period. The transfer to the Golf Fund is budgeted at \$93,000 for FY 2009, which is the last year of this transfer. Outside Agency and Caregiver grants are expected to increase by 2.5% each year consistent with the City's annual cost of living adjustment.

Transfer to the CIP - This represents the annual transfer to the CIP budget known as pay-go. The transfer amount remains flat at \$4.5 million over the five year projection period and is consistent with the CIP cash flow, which can be found on page 10 of the FY 2009 - FY 2013 Proposed CIP Budget.

Transfer to Debt Service - This represents the annual transfer to the Debt Service Fund to support the City's annual debt payments. The transfer amount follows the Debt Service Fund cash flow, which can be found on page 10 of the FY 2009 - FY 2013 Proposed CIP Budget. The projected debt payments include old and new General Fund debt.



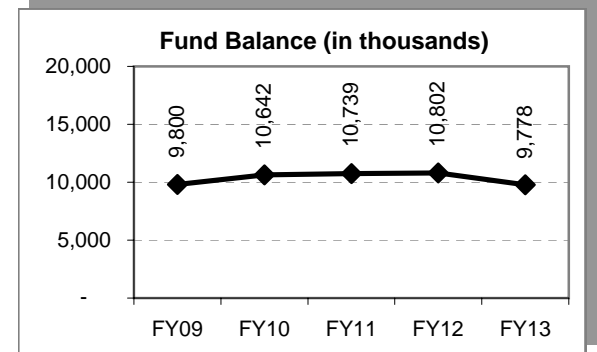
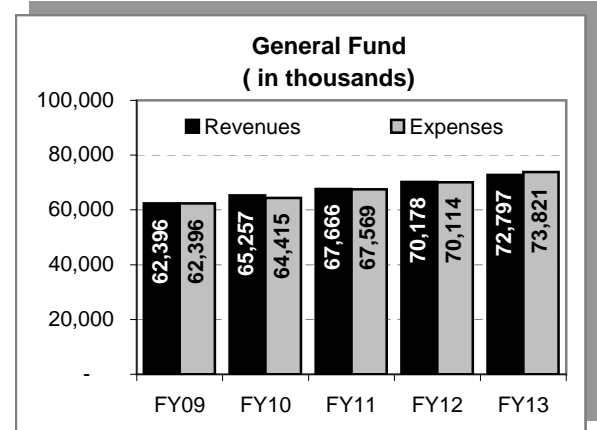
General Fund Five-Year Forecast

Revenues / Sources	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Property Taxes	34,416,320	36,481,299	37,940,551	39,458,173	41,036,500
Licenses and Permits	1,764,500	1,799,790	1,835,786	1,872,502	1,909,952
From Other Gov'ts	16,872,259	17,225,837	17,714,087	18,226,749	18,765,045
Charges for Service	5,919,395	6,215,365	6,526,133	6,852,440	7,195,062
Fines and Forfeitures	824,000	856,960	891,238	926,888	963,963
Use of Money / Property	870,676	896,796	923,700	951,411	979,954
Other Revenues	1,729,123	1,780,997	1,834,427	1,889,459	1,946,143
Total Revenues / Sources	62,396,273	65,257,043	67,665,922	70,177,622	72,796,618
Percent Increase	5.9%	4.6%	3.7%	3.7%	3.7%

Expenditures by Type	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Salary and Wages	28,710,931	30,433,587	32,259,602	34,195,178	36,246,889
Benefits	8,258,359	8,506,110	8,761,293	9,024,132	9,294,856
Overtime	764,761	787,704	811,335	835,675	860,745
Contractual Services	7,621,986	7,850,646	8,086,165	8,328,750	8,578,612
Commodities	5,130,329	5,284,239	5,442,766	5,606,049	5,774,230
Capital Outlay	747,308	784,673	823,907	848,624	874,083
Other / Transfers	2,178,670	2,119,740	2,154,832	2,190,977	2,228,207
Total Expenditures	53,412,344	55,766,698	58,339,900	61,029,386	63,857,622
Transfer to CIP	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Debt Service	4,483,929	4,148,008	4,729,584	4,585,040	5,463,362
Total Expenditures / Uses	62,396,273	64,414,706	67,569,484	70,114,426	73,820,984
Percent Increase	5.9%	3.2%	4.9%	3.8%	5.3%

Fund Balance	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Est. Fund Balance, Beginning	9,800,000	9,800,000	10,642,337	10,738,774	10,801,971
Net Change	-	842,337	96,437	63,196	(1,024,366)
Est. Fund Balance, Ending	9,800,000	10,642,337	10,738,774	10,801,971	9,777,604
15% Reserve Requirement	9,359,441	9,788,557	10,149,888	10,526,643	10,919,493
Est. Balance less Requirement	440,559	853,781	588,886	275,327	(1,141,888)

By City Charter, the General Fund budget must be in balance, which assures that there will be sufficient current resources to pay current obligations. In addition to the General Fund being in balance each year, one of the City's fiscal policies is to maintain an undesignated fund balance in the General Fund at or above 15% of annual revenue. The undesignated fund balance is projected to be at least 15% of the estimated revenue budget for FY 2009 through FY 2012. On average, General Fund revenues are projected to increase by 4.3% per year, and General Fund expenditures are estimated to increase by 4.6% per year over the estimated period. The revenue and expenditure budgets are based on conservative estimates as described on pages 4-3 and 4-4.



Water Facility Fund Five-Year Forecast

Revenues / Sources	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Utility Charges	A	6,550,000	7,800,000	9,030,000	10,650,000	11,270,000
Penalties		40,000	40,000	40,000	40,000	40,000
Connection Charges		150,000	150,000	150,000	150,000	150,000
Interest Income	B	85,000	85,000	85,000	32,000	95,300
Other		75,000	75,000	75,000	75,000	75,000
Transfers In	C	461,000	474,830	489,075	503,747	518,860
Total Revenues / Sources		7,361,000	8,624,830	9,869,075	11,450,747	12,149,160
Percent Increase		49.5%	17.2%	14.4%	16.0%	6.1%

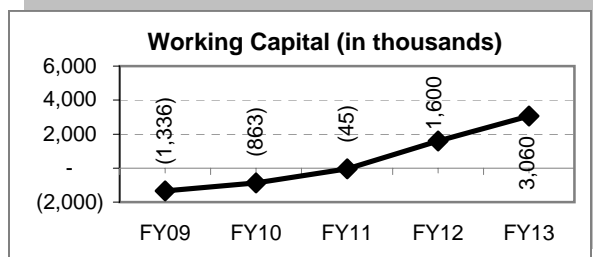
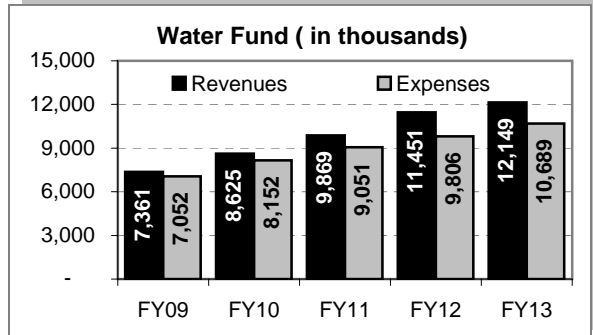
Expenses by Type	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Salary and Wages	D	2,174,309	2,500,455	2,875,524	3,019,300	3,170,265
Benefits		633,014	664,665	697,898	718,835	740,400
Overtime		150,286	157,800	165,690	170,661	175,781
Contractual Services	E	431,067	517,280	620,736	744,884	893,861
Commodities		1,442,442	1,730,930	2,077,116	2,492,540	2,991,048
Capital Outlay		205,500	246,600	295,920	355,104	426,125
Administrative Charge	F	431,000	443,930	457,248	470,965	485,094
Debt Service	G	381,000	687,000	658,000	630,800	603,500
Other	H	1,203,000	1,203,000	1,203,000	1,203,000	1,203,000
Total Operating Expenses		7,051,618	8,151,661	9,051,133	9,806,089	10,689,073
Percent Increase		13.8%	15.6%	11.0%	8.3%	9.0%

Working Capital	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Est. Working Capital, Beginning	(1,645,103)	(1,335,721)	(862,552)	(44,610)	1,600,049
Net Change	309,382	473,169	817,942	1,644,659	1,460,087
Est. Working Capital, Ending	(1,335,721)	(862,552)	(44,610)	1,600,049	3,060,135

Notes:

- A. Water usage rates will increase by approximately 15% each year until FY 2013 when the rate will increase by approximately 5%. Usage revenues are consistent with the Water and Sewer Rate Study presented to Mayor and Council on March 10, 2008.
- B. Estimated at \$85,000 per year until FY 2012 when interest income assumes 4% on the average working capital balance for the fiscal year.
- C. Refers to the transfers from the Sewer Fund and the Refuse Fund. This revenue is estimated to increase by 3% each year.
- D. Personnel expenses increase by approximately 12.5% in FY 2010 and FY 2011 to address the concerns identified in the two water studies. For FY 2012 and FY 2013, personnel expenses will increase at 4.5% which is consistent with the General Fund estimates.
- E. Operating expenses increase by approximately 20% each year to address the concerns identified in the two water studies.
- F. This transfer to the General Fund increases by 3% each year over the projection period.
- G. Debt service amounts represent interest payments based on current debt schedules, plus new interest payments starting in FY 2010 for a \$16 million debt issue which will take place in FY 2009.
- H. Other includes depreciation and amortization. For this analysis, depreciation remains constant.

During FY 2008, the Department of Public Works finalized two reports that analyzed the City's overall water program related to the Water Treatment Plant and the Water Distribution System. As a result of the studies, there are significant operating and capital expenses budgeted in the FY 2009 through FY 2013 budgets. In order to support the increased expenses, water usage rates will increase over the five-year period. It is the City's policy to maintain as reserves working capital balances of 90 days of operating expenses plus 1% of the book value of assets. Water rates are established over a 10-year period.



Sanitary Sewer Fund Five-Year Forecast

Revenues / Sources	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Utility Charges	A	6,300,000	6,547,590	6,842,232	7,150,132	7,471,888
Penalties		50,000	50,000	50,000	50,000	50,000
Connection Charges		150,000	150,000	150,000	150,000	150,000
Interest Income	B	155,000	100,000	94,000	94,000	100,000
Transfers In		-	-	-	-	-
Total Revenues / Sources		6,655,000	6,847,590	7,136,232	7,444,132	7,771,888
Percent Increase		6.2%	2.9%	4.2%	4.3%	4.4%

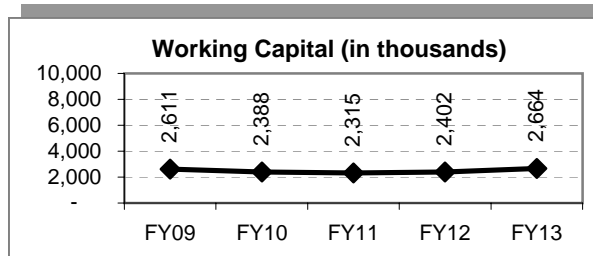
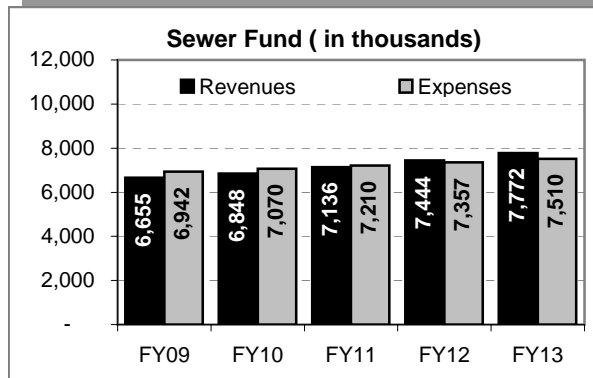
Expenses by Type	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Salary and Wages	C	915,825	961,616	1,009,697	1,060,182	1,113,191
Benefits		271,313	279,452	287,836	296,471	305,365
Overtime		83,092	85,585	88,152	90,797	93,521
Contractual Services	D	3,242,947	3,340,235	3,440,442	3,543,656	3,649,965
Commodities		186,864	192,470	198,244	204,191	210,317
Capital Outlay		13,200	13,596	14,004	14,424	14,857
Administrative Charge	E	241,000	248,230	255,677	263,347	271,248
Debt Service	F	743,000	694,000	650,000	607,000	564,000
Other	G	1,245,000	1,255,200	1,265,700	1,276,500	1,287,700
Total Operating Expenses		6,942,241	7,070,385	7,209,753	7,356,568	7,510,164
Percent Increase		13.3%	1.8%	2.0%	2.0%	2.1%

Working Capital	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Est. Working Capital, Beginning	2,898,082	2,610,841	2,388,046	2,314,525	2,402,089
Net Change	(287,241)	(222,795)	(73,521)	87,564	261,724
Est. Working Capital, Ending	2,610,841	2,388,046	2,314,525	2,402,089	2,663,813

Notes:

- A. Sewer revenues will increase by approximately 4% each year over the five year period.
- B. Interest income is based on the average working capital balance for the fiscal year at a 4% interest rate starting in FY 2010.
- C. Personnel expenses increase by approximately 4.5% throughout the projection period which is consistent with the General Fund estimates.
- D. Operating expenses increase by approximately 3% each year which is consistent with past trends and the General Fund estimates.
- E. This transfer to the General Fund increases by 3% each year over the projection period.
- F. Debt service amounts represent interest payments that are based on current debt schedules. No additional debt is anticipated.
- G. Other includes depreciation, amortization, and a transfer to the Water Fund. For this analysis, depreciation and amortization remain constant and the Water Fund transfer increases by 3% each year.

The increase in Sewer Fund revenues is consistent with the increase in Sewer Fund expenses over the projection period. The working capital balance only fluctuates by \$500,000 from FY 2009 to FY 2013 because the revenues and expenses are relatively consistent. On average over the five-year period, the working capital balance is 35% of the annual revenue budget. It is the City's policy to maintain as reserves working capital balances of 90 days of operating expenses plus 1% of the book value of assets. Sewer rates are established over a five-year period.



Refuse Fund Five-Year Forecast

Revenues / Sources	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Customer Charges	A	5,369,000	5,369,000	5,476,380	5,711,864	5,968,898
Penalties		50,000	50,000	50,000	52,150	54,392
Interest Income	B	100,000	23,000	19,000	16,000	18,000
Sales of Recyclables	C	208,000	228,800	251,680	276,848	304,533
Transfers In	D	30,000	30,000	30,000	30,000	30,000
Total Revenues / Sources		5,757,000	5,700,800	5,827,060	6,086,862	6,375,823
Percent Increase		5.2%	-1.0%	2.2%	4.5%	4.7%

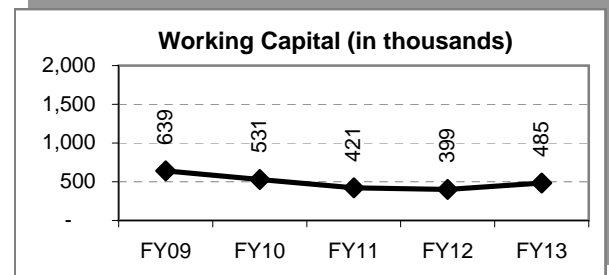
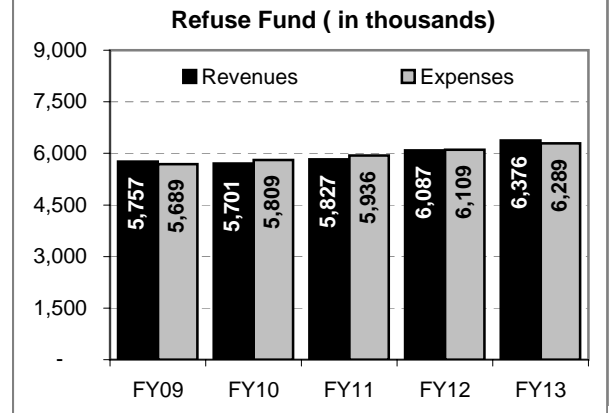
Expenses by Type	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Salary and Wages	E	1,984,000	2,043,520	2,104,826	2,210,067	2,320,570
Benefits		622,700	641,381	660,622	680,441	700,854
Overtime		128,144	131,988	135,948	140,026	144,227
Contractual Services	F	1,532,714	1,563,368	1,594,636	1,626,528	1,659,059
Commodities		409,556	417,747	426,102	434,624	443,317
Capital Outlay		-	-	-	-	-
Administrative Charge	G	456,000	469,680	483,770	498,284	513,232
Debt Service	H	133,000	117,000	102,000	87,000	72,000
Other	I	423,000	424,630	428,369	432,220	436,187
Total Operating Expenses		5,689,114	5,809,315	5,936,273	6,109,190	6,289,446
Percent Increase		0.5%	2.1%	2.2%	2.9%	3.0%

Working Capital	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Est. Working Capital, Beginning	571,255	639,141	530,626	421,413	399,085
Net Change	67,886	(108,515)	(109,213)	(22,328)	86,378
Est. Working Capital, Ending	639,141	530,626	421,413	399,085	485,463

Notes:

- A. The refuse rate per household per month is estimated to remain at \$32.70 for full implementation from FY 2009 through FY 2011. After FY 2011, modest rate increases are anticipated.
- B. Interest income is based on the average working capital balance for the fiscal year at a 4% interest rate starting in FY 2010.
- C. Estimated to increase by approximately 10% starting in FY 2010 due to the increased recycling from the single stream.
- D. Refers to the transfer from the General Fund to the Refuse Fund to support Rockville Housing Enterprises (RHE) refuse pick-ups.
- E. Personnel expenses increase by approximately 3% per year throughout the FY 2009 to FY 2011 implementation period, and then by 4.5% per year for FY 2012 and FY 2013.
- F. Operating expenses increase by approximately 2% each year as a result of the efficiencies of the new program.
- G. This transfer to the General Fund increases by 3% each year over the projection period.
- H. Debt service amounts represent interest payments that are based on current debt schedules. No additional debt is anticipated.
- I. Other includes depreciation, amortization, and a transfer to the Water Fund. For this analysis, depreciation and amortization remain constant and the Water Fund transfer increases by 3% each year.

The FY 2009 through FY 2013 budgets are based on a semi-automated once per week refuse and recycling program. The semi-automated once per week system provides reduced operating expenses because less personnel, contractual services, commodities, and vehicles are needed.



Parking Fund Five-Year Forecast

Revenues / Sources	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Real Property Tax	A	115,000	119,600	124,384	129,359	134,534
From Other Government	B	363,000	363,000	363,000	363,000	363,000
Parking Meters	C	1,248,560	1,301,040	1,333,120	1,366,240	1,400,320
Parking Violations		561,856	567,104	570,312	573,624	577,032
Interest Income	D	300,000	185,000	164,000	142,000	118,000
Transfers In	E	950,000	950,000	950,000	950,000	950,000
Total Revenues / Sources		3,538,416	3,485,744	3,504,816	3,524,223	3,542,886
Percent Increase		-7.6%	-1.5%	0.5%	0.6%	0.5%

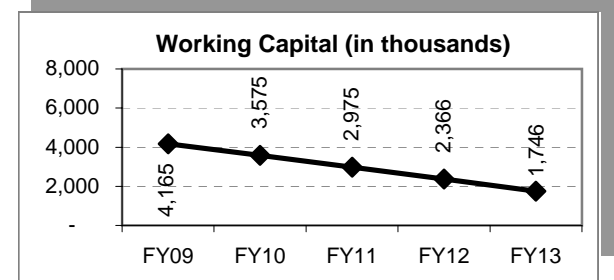
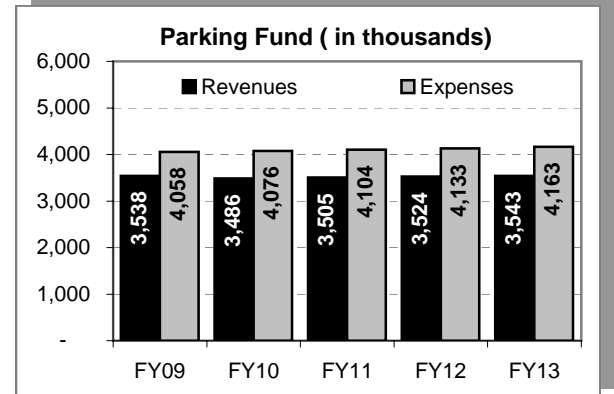
Expenses by Type	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Salary and Wages	F	323,100	339,255	356,218	374,029	392,730
Benefits		81,775	84,228	86,755	89,358	92,038
Overtime		6,500	6,695	6,896	7,103	7,316
Contractual Services	G	705,481	726,645	748,445	770,898	794,025
Commodities		303,155	312,250	321,617	331,266	341,204
Capital Outlay		-	-	-	-	-
Administrative Charge	H	85,000	87,550	90,177	92,882	95,668
Debt Service	I	1,446,000	1,413,000	1,387,500	1,361,100	1,333,700
Other	J	1,106,500	1,106,500	1,106,500	1,106,500	1,106,500
Total Operating Expenses		4,057,511	4,076,123	4,104,107	4,133,135	4,163,181
Percent Increase		6.2%	0.5%	0.7%	0.7%	0.7%

Working Capital	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Est. Working Capital, Beginning	4,684,136	4,165,041	3,574,662	2,975,371	2,366,459
Net Change	(519,095)	(590,379)	(599,291)	(608,911)	(620,296)
Est. Working Capital, Ending	4,165,041	3,574,662	2,975,371	2,366,459	1,746,164

Notes:

- A. The Parking District Tax rate for FY 2009 through FY 2013 is estimated at \$0.30 per \$100 of assessed valuation. The revenue from this tax should increase by approximately 4% each year due to increases in assessed value.
- B. Includes \$130,000 PILOT payment and \$180,000 in capital contributions from Montgomery County, and \$53,000 PILOT payment from the City's General Fund.
- C. Parking Meter Revenue is based on the Town Center Parking Pro Forma, Option ii 7am-7pm, from the Mayor and Council meeting of January 7, 2008.
- D. Interest income is based on the average working capital balance for the fiscal year at a 4% interest rate starting in FY 2010.
- E. Refers to the \$950,000 annual transfer from the General Fund to help with the Parking Fund revenue gap.
- F. Personnel expenses increase by approximately 4.5% throughout the projection period which is consistent with the General Fund estimates.
- G. Operating expenses increase by approximately 3% each year which is consistent with past trends and the General Fund estimates.
- H. This transfer to the General Fund increases by 3% each year over the projection period.
- I. Debt service amounts represent interest payments that are based on current debt schedules. No additional debt is anticipated.
- J. Other includes depreciation and amortization. For this analysis, depreciation and amortization remain constant.

FY 2009 will be the first full year that the City charges for parking in the City's garages. The rate will be \$1.00 per hour from 7:00am until 7:00pm with no charge on the weekends. As the estimates indicate, there will not be sufficient Parking Fund revenues generated from parking operations to service all estimated expenses. As a result, the annual \$950,000 transfer from the City's General Fund is estimated to continue through FY 2013.



Stormwater Management Fund Five-Year Forecast

Revenues / Sources	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Utility Fee	A	-	2,174,638	2,367,549	2,588,915	2,839,716
SWM Permits	B	300,000	300,000	250,000	200,000	200,000
SWM Participation Fees		400,000	400,000	400,000	350,000	350,000
Interest Income	C	300,000	257,000	266,000	264,000	257,000
Transfers In		-	-	-	-	-
Total Revenues / Sources		1,000,000	3,131,638	3,283,549	3,402,915	3,646,716
Percent Increase		-2.4%	213.2%	4.9%	3.6%	7.2%

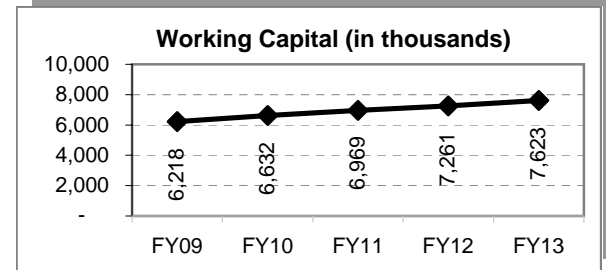
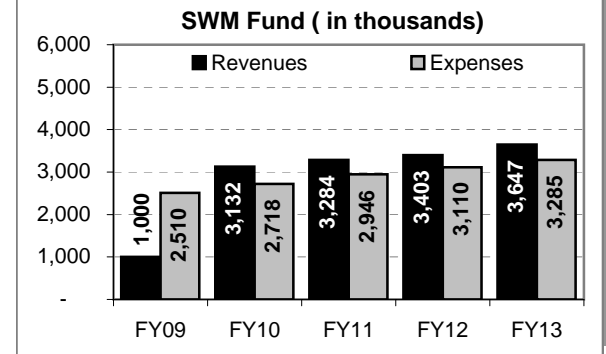
Expenses by Type	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Salary and Wages	D	1,289,000	1,417,900	1,559,690	1,637,675	1,719,558
Benefits		336,100	352,905	370,550	381,667	393,117
Overtime		4,900	5,145	5,402	5,564	5,731
Contractual Services	E	504,965	555,462	611,008	672,108	739,319
Commodities		71,323	78,455	86,301	94,931	104,424
Capital Outlay		-	-	-	-	-
Administrative Charge	F	154,000	158,620	163,379	168,280	173,328
Debt Service		-	-	-	-	-
Other	G	150,000	150,000	150,000	150,000	150,000
Total Operating Expenses		2,510,288	2,718,487	2,946,330	3,110,225	3,285,478
Percent Increase	H	106.5%	8.3%	8.4%	5.6%	5.6%

Working Capital	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Est. Working Capital, Beginning	7,728,707	6,218,419	6,631,570	6,968,790	7,261,480
Net Change	(1,510,288)	413,151	337,219	292,690	361,238
Est. Working Capital, Ending	6,218,419	6,631,570	6,968,790	7,261,480	7,622,718

Notes:

- A. This is an annual fee that will be charged to all residential and commercial units recommended to start in FY 2010. The amount of the fee will be based on Equivalent Residential Units or ERUs. FY 2010 rate is estimated at \$55.80 per ERU. The rate will increase by approximately 8% per year for the projection period.
- B. These revenue sources decrease by an average of 6% over the projection period because of the decreased rate of new development.
- C. Interest income is based on the average working capital balance for the fiscal year at a 4% interest rate starting in FY 2010.
- D. Personnel expenses increase by approximately 9% in FY 2010 and FY 2011 due to the implementation of the new program and the new utility rate.
For FY 2012 and FY 2013, personnel expenses will increase at 4.5% which is consistent with the General Fund estimates.
- E. Operating expenses increase by approximately 10% each year to address the requirements of the new SWM Program.
- F. This transfer to the General Fund increases by 3% each year over the projection period.
- G. Other includes depreciation and amortization. For this analysis, depreciation and amortization remain constant.
- H. From FY 2010 to FY 2013, overall operating expenditures increase by an average of 7% due to the implementation of the new SWM Program.
Future years will likely increase at a much lower rate.

In December 2007 staff introduced an ordinance to amend the City Code to include a new SWM Utility Fee. This annual fee, based on Equivalent Residential Units ("ERUs"), was designed to provide a dedicated funding source for the SWM Fund. This fee is estimated to begin in FY 2010. Although this fee is not part of the FY 2009 budget, staff will move forward with the new SWM program by utilizing the Fund's existing balance.



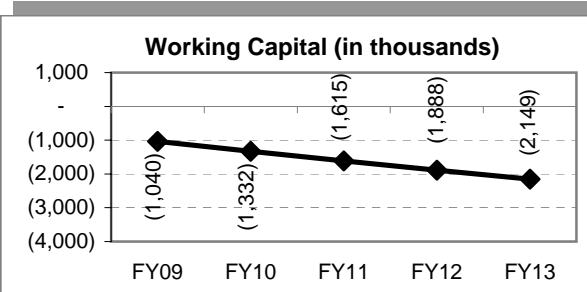
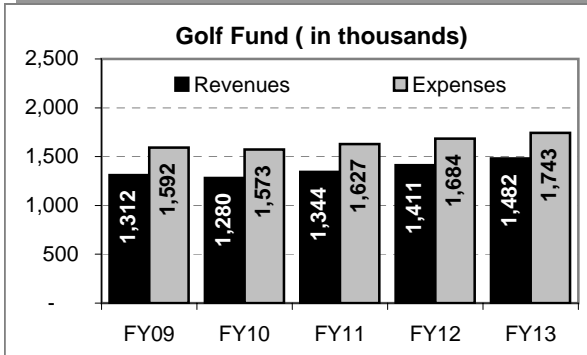
RedGate Golf Course Fund Five-Year Forecast

Revenues / Sources	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Golf Course Fees	A	889,576	934,055	980,758	1,029,795	1,081,285
Cart Rentals		309,832	325,324	341,590	358,669	376,603
Pro Shop Rental		4,250	4,463	4,686	4,920	5,166
Driving Range Fee		1,605	1,685	1,770	1,858	1,951
Concessions / Other		13,910	14,606	15,336	16,103	16,908
Transfers In	B	93,000	-	-	-	-
Total Revenues / Sources		1,312,173	1,280,132	1,344,138	1,411,345	1,481,912
Percent Increase		-5.2%	-2.4%	5.0%	5.0%	5.0%

Expenses by Type	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Salary and Wages	C	602,100	632,205	663,815	697,006	731,856
Benefits		155,000	159,650	164,440	169,373	174,454
Overtime		26,800	27,604	28,432	29,285	30,164
Contractual Services	D	164,435	169,368	174,449	179,683	185,073
Commodities		324,566	334,303	344,332	354,662	365,302
Capital Outlay	E	91,236	20,000	20,000	20,000	20,000
Administrative Charge	F	95,000	97,850	100,786	103,809	106,923
Debt Service	G	12,500	11,600	10,900	10,200	9,500
Other	H	120,100	120,100	120,100	120,100	120,100
Total Operating Expenditures		1,591,737	1,572,680	1,627,254	1,684,117	1,743,372
Percent Increase		14.1%	-1.2%	3.5%	3.5%	3.5%

Working Capital	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Est. Working Capital, Beginning	(760,012)	(1,039,576)	(1,332,124)	(1,615,240)	(1,888,012)
Net Change	(279,564)	(292,548)	(283,115)	(272,772)	(261,460)
Est. Working Capital, Ending	(1,039,576)	(1,332,124)	(1,615,240)	(1,888,012)	(2,149,472)

The Mayor and Council adopted a business plan to address the deficit in the Golf Fund in FY 2006. Positive results, rounds played and the condition of the course, have already been noted throughout FY 2007 and through the first half of FY 2008. Nevertheless, the deficit continues to grow, and it is unlikely that the Fund will overcome the deficit by the end of the five-year business plan. The Mayor and Council may wish to review its policy in regards to subsidizing the Golf Course from the General Fund.



Notes:

- A. Revenues are projected to increase by 5% each year over the projection period per the estimates from the Department of Recreation and Parks.
- B. Refers to the annual transfer from the General Fund to the Golf Fund to support capital improvements to the course. The General Fund has transferred a total of \$372,500 over three years. FY 2009 is the last year for the scheduled transfers.
- C. Personnel expenses increase by approximately 4.5% throughout the projection period which is consistent with the General Fund estimates.
- D. Operating expenses increase by approximately 3% each year which is consistent with past trends and the General Fund estimates.
- E. Capital Outlay is comprised of many one-time expenses. Capital outlay will decrease to \$20,000 in FY 2010 and remain flat throughout the projection period per the estimates from the Department of Recreation and Parks.
- F. This transfer to the General Fund increases by 3% each year over the projection period.
- G. Debt service amounts represent interest payments that are based on current debt schedules. No additional debt is anticipated.
- H. Other includes depreciation and amortization. For this analysis, depreciation and amortization remain constant.

Speed Camera Fund Five-Year Forecast

Revenues / Sources	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Speed Camera Citations	A	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Total Revenues / Sources		4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Percent Increase		185.0%	0.0%	0.0%	0.0%	0.0%

The Speed Camera Fund is a special revenue fund that is restricted by State law. Program revenue is not available for general City operations and must be used for transportation and pedestrian safety programs.

Expenditures by Type	Note	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Salary and Wages	B	265,540	378,817	497,758	622,646	753,778
Benefits		69,061	98,492	129,417	161,888	195,982
Overtime		4,000	4,000	4,000	4,000	4,000
Contractual Services	C	2,009,737	2,015,711	2,022,282	2,029,510	2,037,461
Commodities	D	58,297	60,046	61,847	63,703	65,614
Capital Outlay		-	-	-	-	-
Administrative Charge		-	-	-	-	-
Debt Service		-	-	-	-	-
Other		3,000	3,000	3,000	3,000	3,000
Total Operating Expenditures		2,409,635	2,560,066	2,718,304	2,884,746	3,059,835
Percent Increase		175.3%	6.2%	6.2%	6.1%	6.1%

Fund Balance *	Proposed FY09	Estimated FY10	Estimated FY11	Estimated FY12	Estimated FY13
Est. Fund Balance, Beginning	2,229,788	4,620,153	6,860,087	8,941,783	10,857,037
Net Change	2,390,365	2,239,934	2,081,696	1,915,254	1,740,165
Est. Fund Balance, Ending	4,620,153	6,860,087	8,941,783	10,857,037	12,597,202

Notes:

- A. The Speed Camera Fund citation revenue assumes 10,000 citations paid per month. Future estimates will remain flat until the City has historical data to determine the increase or decrease in future speed camera revenues. Revenues are based on a \$40 citation fee which reflects gross revenue to be received.
- B. Future personnel estimates include funding for 1.0 additional FTE each year starting in FY 2010.
- C. Contractual services includes payment to the speed camera vendor. The vendor receives \$16.25 from each paid citation. The amount estimated for vendor payment is \$1,950,000 per year. If citation revenues increase or decrease, the vendor payment will adjust accordingly.
- D. Commodities are estimated to increase by 3% each year over the projection period.

* **Fund Balance Note:** Unlike many of the City's Enterprise Funds, the Speed Camera Fund does not use bond proceeds to pay for Capital Improvement Program (CIP) projects. For FY 2009, the Speed Camera Fund will contribute approximately \$1.5 million to three CIP projects, providing funding for Pedestrian Safety, Street Lighting Improvements, and Pedestrian Bikeway System Improvements. The amount that is spent each year in the CIP budget is not reflected in the Fund Balance schedule as shown above.

